SENATE TAXATION
EXHIBIT NO. 7
DATE 4-10-07
HB 539

Our Chamber

Chamber Programs

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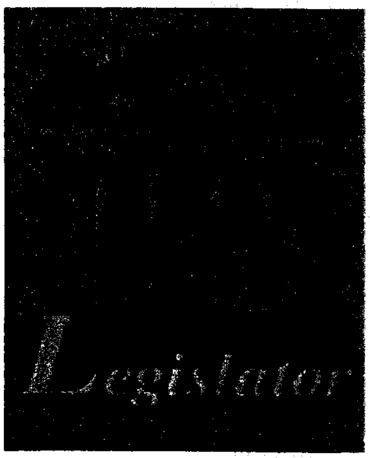
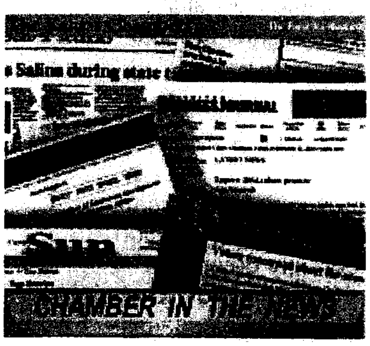
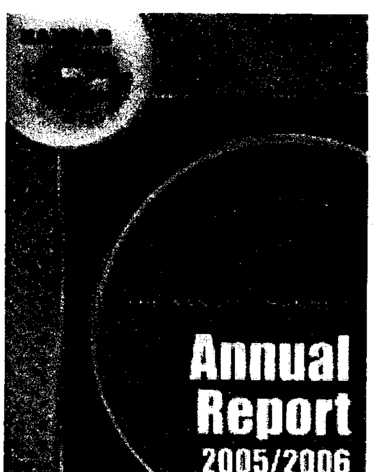






VICTORY for Business!

$100 Million a Year in Direct Tax Relief Goes to Kansas Business

The Kansas Chamber of Commerce, listening to the concerns of its 10,000 employer members and taking that message to the statehouse, has made great strides in the past few years to move Kansas towards becoming the best state in America to do business.

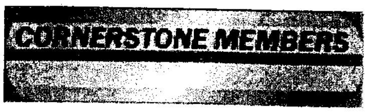
Four long years of planning, grueling legwork, and intense lobbying are paying off. Repeal of property tax on new investments in machinery and business equipment and phase-out of the Kansas estate and death tax will eventually bring $100 million a year in total business tax cuts.

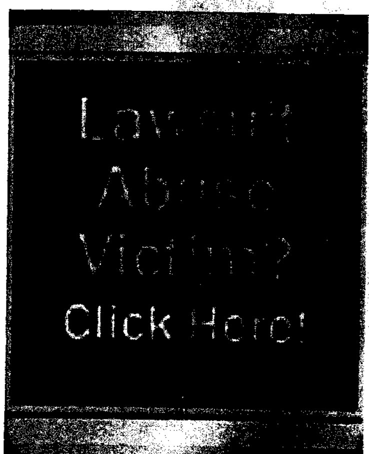
And there are more victories to come.

Lowering the Costs of Doing Business in Kansas

The Chamber's Pro-Jobs agenda for the 2007 Kansas Legislature includes more improvements to the business tax climate, additional legal reform to protect employers and their consumers from frivolous lawsuits, and lessening health care insurance mandates. All of these initiatives, and others, will lower the costs of doing business in Kansas.

Taking the Offensive at the Statehouse





The Kansas Chamber's hard work in the 2006 Kansas Legislative Session is paying dividends to improve the economic outlook for employers across Kansas. This past session was highlighted with significant improvements to the business tax climate, the legal climate, and the workers comp system, capping a four-year run of more than 20 pieces of pro-jobs legislation.

2006 Legislative Session

During the 2006 Legislative Session, the most substantial tax relief measure in the past decade passed and the urging of The Kansas Chamber and the Kansas economy is better poised to grow and prosper.

Taxes -- $100 million a Year in Savings to Business

1. Property Tax Repeal for Business Machinery and Equipment. Thanks to Chamber leadership, after July 1, 2006, the property tax for all newly purchased business personal property is repealed. In addition, business personal property that is less than $1,500 will not be taxed even if it is currently on the tax rolls. Business machinery and equipment is all business personal property from desks, computers, copiers, to large pieces of machinery and equipment. This also includes all telecommunications and railroad property. This amounts to some $300 million in tax savings to Kansas business during the next five years.
2. Estate Tax Repeal. The Chamber-backed plan implements a stand-alone estate tax for three years, phasing out the rate with estate tax repeal in 2010. This change will total $53 million annually. The total tax cuts for Kansas business is more than $100 million annually.

Legal Reform

1. The Silica and Asbestos Fairness Act, championed by The Chamber, prioritizes asbestos and silica claims by requiring claimants to demonstrate physical impairment in order to bring or maintain an asbestos or silica claim in civil court. The criteria set forth in the legislation are a prioritizing device intended to relieve the truly sick from having to wait behind earlier-filing unimpaired claimants to have their claims resolved.

Workers Compensation Reform

1. The Kansas Chamber's major workers compensation initiative passed, however it was vetoed. SB 461 would have provided for the admission of preexisting condition evidence when figuring indemnity payments and would have closed a loophole for employees that are laid off for economic reasons. This is the only Chamber-backed pro-business bill to be vetoed in decades.
2. However, two other workers compensation reform bills that passed during the 2006 Legislative Session were signed into law. A workers compensation claim closing bill passed that allows a worker's compensation claim that has had no activity in over 5 years old to be closed, as well as legislation that reforms the way Administrative Law Judges are selected, paid and retained passed.

2003-2005 Legislative Victories

Legislation that is moving Kansas towards becoming the best state in America to do business that passed and became law in 2003 to 2005 included business victories in health care cost containment, the legal climate, taxes and employment law.

Health Care

1. Hospital Managed Care Assessment Program

Assembly OKs elimination of property tax on manufacturing machinery and equipment

(April 28, 2006) The General Assembly has approved without opposition the phased elimination of Connecticut's property tax on manufacturing machinery and equipment. Gov. Rell says she will sign the bill, which includes several additional measures to improve economic development in the state.

By eliminating the property tax on manufacturing machinery and equipment, SB-702 removes a significant deterrent for manufacturers to locate or expand their operations in Connecticut. CBIA applauds legislative leaders who made the elimination of the tax a major priority for the 2006 General Assembly and thanks Gov. Rell for her promise to sign the bill. SB-702 also establishes:

- Several education and workforce development initiatives
- Tax credits for the film industry
- New funding for small-business incubator programs
- New programs at Connecticut Innovations Inc. to finance early stage business ventures
- A new Office of Business Advocate within the Office of Policy and Management to serve as an information source for both public and private business assistance programs.

Lawmakers appropriately understood that eliminating the property tax on manufacturing machinery and equipment would boost prospects for job growth in manufacturing in the state. Under SB-702, newly acquired machinery and equipment (MME) will continue to be tax-exempt for the first five years. Machinery and equipment six years old or older will gradually be exempted, beginning with the Oct. 1, 2006, assessment year and ending with the Oct. 1, 2011, assessment year.

The depreciation schedule for valuing MME, now optional, will be mandatory for towns. The state will make payment in lieu of taxes to towns. Once the exemption is fully implemented, the state will freeze payments to towns for the exempt property at the level towns will receive beginning Oct. 1, 2011.

Eliminating the surcharge - Another step lawmakers can still take to improve Connecticut's business climate and encourage more job creation is to eliminate both the 20% corporate tax surcharge for 2006 and the 15% surcharge for 2007.

According to the state comptroller's office, the corporate tax will generate $105 million over budget this fiscal year — representing one of the biggest contributions to Connecticut's expected $600 million surplus. It makes little sense to increase corporate taxes by 20% this year given the substantial budget surplus and heightened statewide concern over job growth and economic vitality. Business tax reform — such as the property tax exemption for manufacturers and the elimination of the corporate tax surcharge — is critical to removing barriers to job growth.

Maintaining the R&D tax credit - Numerous meetings have been held with

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legislators to discuss the importance of the research and development tax credit and tax credit exchange programs. CBIA, Connecticut United for Research Excellence and representatives of Connecticut companies explained how the programs should be maintained because they have encouraged R&D facilities and thousands of jobs to be located in the state. The current laws continue to encourage construction of new facilities and the creation of more jobs.

The business community asked that nothing be done to change this advantageous situation. Lawmakers agreed, and SB-669, which narrowed the definition of what constitutes R&D, was removed from the Senate's agenda by placing it on the "foot" of the Senate calendar.

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THE MAINE DEMOCRAT

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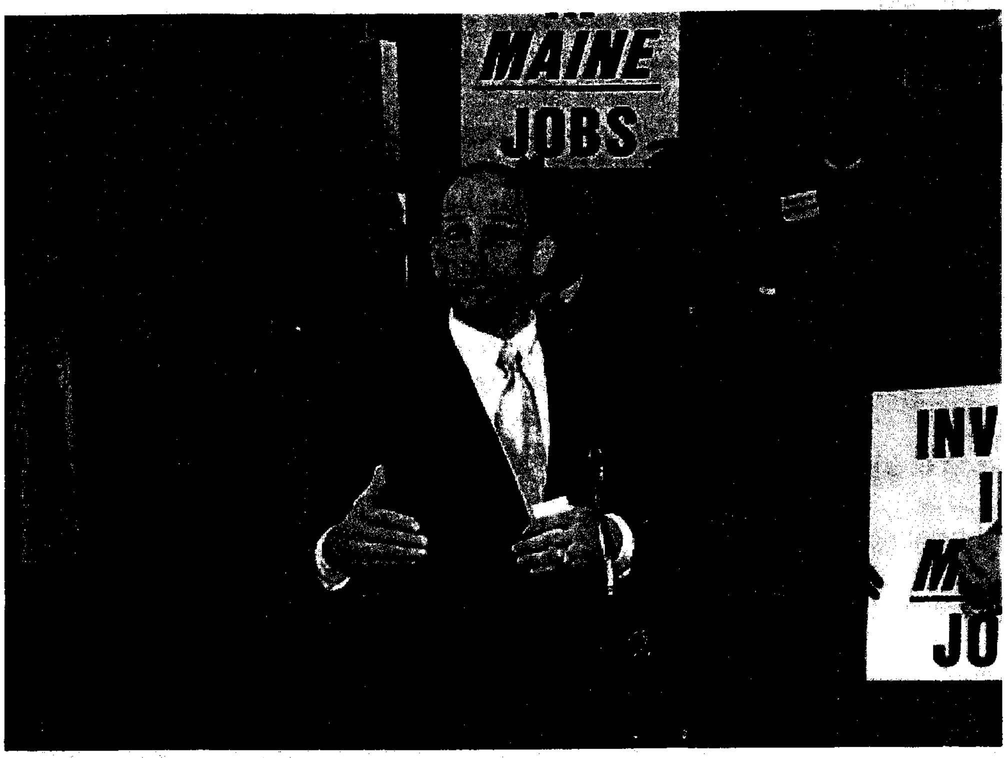
IN THIS ISSUE # 6:

No More Property Tax On Business Equipment



"It's time to repeal this tax," said Baldacci supporting the elimination of the BETR tax at the beginning of the session with business community members.

"Maine is on the right track for economic growth, and this legislation moves us much further down that path," said Governor John Baldacci. "This bill will generate jobs, for Maine businesses big and small."

Heralded as a breakthrough in tax reduction, the passage of LD 2056 marked an end to a ten-year-old tax policy called the Business Equipment Tax Reimbursement program (BETR), which drained state resources to the tune of $80 million per year.

BETR spent state dollars to reimburse businesses for the local property taxes they paid on their equipment. The program was proven to be

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ineffective. Yet, for years it stayed on the books because local municipalities counted on the property tax it brought in.

Since its inception in 1997, BETR grew by 1,495 percent. Last year there were 1,764 companies that received a benefit from BETR, but about 60 percent of the reimbursement funds went to only 20 companies.

Many businesses did not like BETR because it took capital away from them, making them wait for months to be reimbursed. Small businesses have to watch their cash flow and manage their time carefully. Many of them found the reimbursement policy overburdened with paperwork and very time consuming, so they chose simply not to file for reimbursement, making BETR a bitter tax.

"This tax was a significant burden to small business," said Steve Linne owner of Blacksmith's Winery in Casco.

"We have four people; cash is king. When we have to tie up cash for 18 months and go through all the paperwork to get what's due to us, it's a major problem. I've talked to a lot of similar businesses my size and they don't even bother getting their reimbursement. They pay the money and forget about it. The paperwork has been too much of an issue—but they need the cash." Linne said that repealing BETR removes a negative perception that Maine is not a good place to start a business, "Even though the BETR program gave us our money back, it still was a shock getting my first tax bill. I remember returning from Italy, excited after I bought my first vine stock. Then, seeing the bill, I wondered if I had made a mistake. "

"The wine business is extremely capital intensive; 90 percent of my revenues are tied up in equipment. Now I'm looking at investing a hundred to two hundred thousand dollars more in my business. This repeal will help me keep up with demand and invest in new equipment."

Lawmakers on both sides of the aisle agreed that the new law was clearly a major accomplishment, because it should help spur business investment.

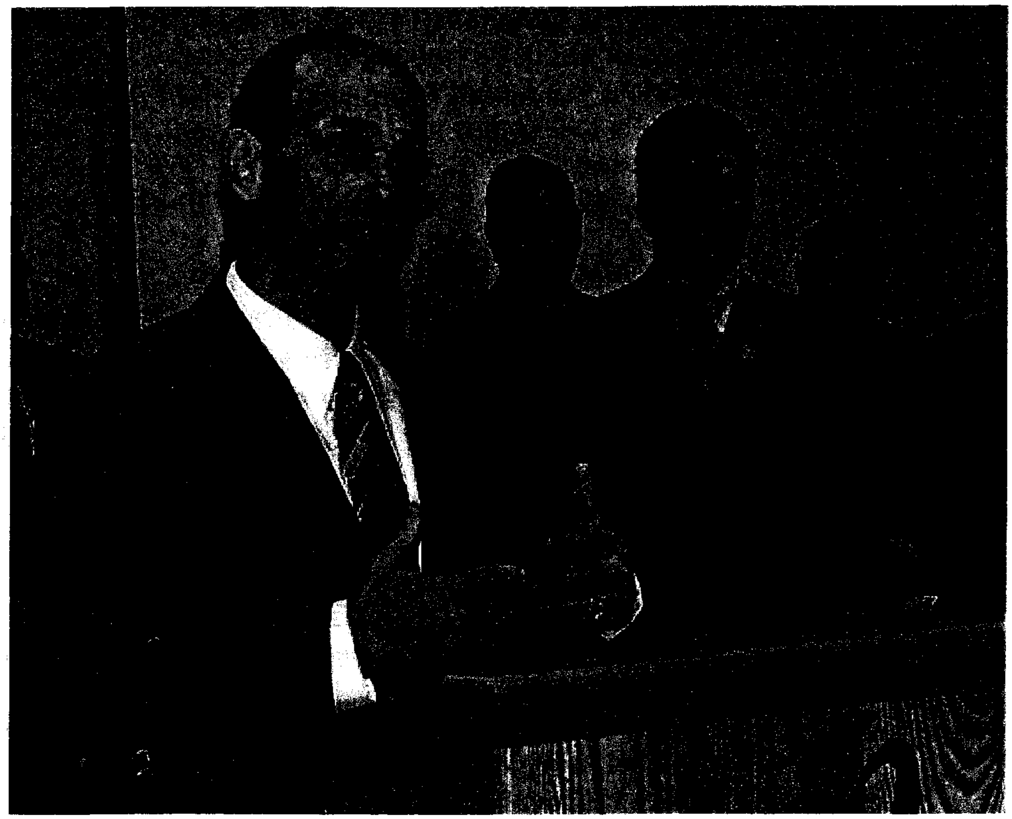
"This law gives the state of Maine additional economic tools to negotiate in the marketplace for Maine jobs," said Senator Barry Hobbins. "It's a good incentive for more companies to come to Maine."

"This measure should send the message that Maine is truly open for business, around the world, more than ever before," said Governor Baldacci.

"I've been waiting two years for this measure to pass," said Sen. Joe Perry who co-chairs the Taxation Committee. "This and LD 1 are the most important pieces of legislation that the tax committee has done in years. LD 2056 opens the door for business investment. It gives us stability, and will save the state millions over time. Getting rid of BETR will spur development which will increase the tax base in the state. The governor's strong leadership got this bill passed. He insisted that we work out a solution, and we did."

"The end legislation is a more balanced product than the original bill," said Rep. Richard Woodbury, co-chair of the taxation committee. "It gives communities more time to transition. New businesses will never have to deal with BETR, while the old ones will be phased out gradually."

"It's historic," added Sen. Perry.



"Maine is on the right track for economic growth, and this legislation moves us much further down that path," said Governor John Baldacci. "This bill will generate jobs, for Maine businesses big and small."

House Majority Leader Glen Cummings referred to the bill as "an important breakthrough, mostly because technology is our way to compete for the future. This law sets the right avenue for technology investment. If you don't have the right avenue for investment in technology then you're not going to be competitive in the next century. There's no question about it."

The final vote in the House was 117 in favor with 21 opposed; in the Senate, 34 in favor with no opposition.

"This is huge for the state of Maine; it's been something that we've been carrying around on our back for a long time," said the governor. "It's a culmination of a lot work from people representing all different interest groups and all different parties. Together, we are promoting Maine for more business opportunity and expanded business opportunity."

The governor has been steadily improving Maine's business climate. His Pine Tree Zones have yielded over 3,000 jobs and are expanding. His research and development bonds have made high-tech discoveries in Maine possible, and these technological advances are being utilized by Maine companies.

During the ceremonial signing of LD 2056, Governor Baldacci told the crowd of about 65 people, about success stories of businesses in Maine, including the recent expansion of Oxford Aviation in Sanford, and T-Mobile's call center with 800 employees. "We have to talk about these successes more," said the governor. "We want more business and job opportunities in our state, and I think this is a wonderful advertisement for Maine."

"Businesses around the country can now look at Maine as a place where we have a predictable and stable tax structure and, therefore, invest to a greater degree than they are currently investing in Maine," said House Speaker John Richardson.

"Governor Baldacci deserves credit for getting this bill passed. All too often he is modest about his achievements; I believe in giving credit where credit is due. He insisted we come to a compromise that works for everyone. He was the driving force behind this effort."

The law exempts new equipment to be installed after April 1, 2007, from local personal property taxes. Personal property already registered in BETR, will remain taxable by municipalities with tax payments by businesses still eligible for state reimbursement. Service center communities and mill towns will be provided with greater protection as BETR is phased out. By law the state is required to accept greater financial responsibility to reimburse municipalities for lost revenue. The Maine Municipal Association did not oppose the legislation. "The law requires 90 percent reimbursement to all communities. Municipalities are protected and the state will honor its commitment," said Governor Baldacci. "By supporting this legislation you've taken a bold essential step to recognizing the critical role investment plays in building a strong, vibrant economy," said Dennis Rogers from Tambrands in Auburn. "The first step in job creation is when a business decides to invest. We need businesses to invest in Maine, as Maine invests in our intellectual capital." Rogers talked about the result of his company's investment of $275,000,000 in Maine. They included doubling productivity, product developments using new technologies, additional support to local charities, and the usage of Maine vendors to retool their facilities. "The passage of 2056 gives us confidence to continue to invest, knowing future investments will be made in a more positive, stable investment environment."

"It rewards investment," said Governor Baldacci. "If people in business are going to make investments, we should reward investment and raise wages. People who are going to work should be able to make ends meet and meet their responsibilities to their families, and Maine as a state needs to be able to do that."

"It really is another important piece of the governor's vision for creating a sustainable economy in Maine and meeting the challenges of the 21st century," said Martha Freeman, director of the Governor's State Planning Office. "This supports investment in our traditional industries, in new technology, and large and small business to create good paying jobs with benefits. It's a piece that works along with educating people in Maine, protecting our environment, and providing the kind of social safety net that we need for all of us to prosper together."